

SECURITY INFORMATION

DRAFT

MFPratt/ig 9 May 52

PROPOSED PROJECT

(Tab 22)
ILLEGIB)

*Handled as
info. from*

- I. PROBLEM: To assess in the field of chemicals the economic and related factors that influence the direction of research and development and the selection of the results of such research and development for reduction to practice under a system of state-control (USSR) as contrasted with the free enterprise system of the Western countries.
- II. FACTS BEARING ON THE PROBLEM:
1. In any economy, the cost of producing material is a controlling factor in decisions of whether to produce.
 2. Cost is directly related to the plant required and the extent of technical supervision needed.
 3. Competition between the military and civilian economies influence the cost of raw materials and hence the relative cost of finished products.
 4. In considering whether to reduce to practice one of several technical developments or to standardize on one of several somewhat equally satisfactory products for a major use, considerations of the plant-in-being for the manufacture of these or the new plant required in relation to the plant-in-being, the state of development of an industry, as well as the capital already invested in phases of the industry are all pertinent factors to a decision.

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III. QUESTIONS BEARING ON THE PROBLEM *Factors to be considered:* (Tab 23)

1. ~~What~~ technical factors contribute to the cost of producing classes of chemicals (in effect, the difficulty of carrying out processes) from other factors which influence cost?

a. 2. ^{Technical and economic} ~~What~~ factors in the state of development of the chemical industry ^{in the USSR} of the Western countries, as contrasted with ~~the state of~~ development ^{that of the West} of the chemical industry in the USSR, ^{which} would influence decisions to manufacture specific chemical compounds?

3. What factors in a state-controlled economy would be analagous in their effect to that of invested capital in the Western countries in regard to such a selection?

b. 4. ~~What~~ Comparisons ~~can be drawn~~ between the civilian vs. military demands of the Western countries as contrasted with those in the USSR?

5. What factors are peculiar to state-control affecting such choices that may not exist in the Western countries? Is transportation, for example, one of these?

6. What economic factors are controlling and directing chemical research and development in Western countries, vis-a-vis the USSR.

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